



# Department of Justice

FOR IMMEDIATE RELEASE  
THURSDAY, OCTOBER 5, 2006  
WWW.USDOJ.GOV

AT  
(202) 514-2007  
TDD (202) 514-1888

## **THREE FORMER NEW YORK ARCHDIOCESE PURCHASING OFFICIALS SENTENCED FOR FRAUD, TAX AND OBSTRUCTION OF JUSTICE CHARGES**

WASHINGTON — Three former purchasing representatives for the Archdiocese of New York were sentenced today in U.S. District Court in Manhattan for participating in schemes that defrauded the archdiocese of more than \$2 million, the Department of Justice announced. A fourth defendant, Joseph J. DeRusso, of Florham Park, N.J., is scheduled to be sentenced in November 2006. The three individuals received prison sentences ranging from 37 months to 80 months.

Vincent J. Heintz and Nanette B. Melera, both of Briarcliff Manor, N.Y., and Michael J. O'Shaughnessy of Queens, N.Y., were sentenced by Judge William H. Pauley III for using their positions as employees and consultants at institutional Commodity Services Inc. (ICS), the purchasing arm of the archdiocese, to defraud the archdiocese from 1996 until 2004.

Heintz was sentenced to 80 months in prison. As general manager of ICS, Heintz organized a scheme to defraud the archdiocese by requiring numerous vendors to the archdiocese to pay DeRusso more than \$1.2 million, ostensibly as commissions, which DeRusso secretly shared with Heintz, O'Shaughnessy and Melera. The prices charged to ICS included the amount of the commissions, which resulted in the archdiocese paying artificially inflated prices.

In addition, as part of this scheme, Heintz, O'Shaughnessy, Melera and DeRusso embezzled an additional \$1 million from the archdiocese by steering orders for food for the children enrolled in the archdiocese's schools to companies they secretly owned and controlled.

Heintz and DeRusso also conspired to defraud the Internal Revenue Service (IRS) by arranging for DeRusso to receive at least \$250,000 in cash from a vendor of milk and juice, which DeRusso failed to report as income. Additionally, Heintz was charged with making false statements to federal investigators, when he falsely claimed that he was not aware that DeRusso had received cash payments from any vendor.

O'Shaughnessy, the former operations manager of ICS, was sentenced to 41 months in prison for his role in the schemes. Nanette B. Melera, the former food services director of ICS, received a 37 month prison sentence for her role. The three were also ordered to pay a total of \$2.25 million in restitution to the archdiocese of New York.

Heintz, O'Shaughnessy, Melera and DeRusso were charged in a nine-count indictment filed in U.S. District Court in Manhattan in January 2006. They pleaded guilty to the pending charges on April 5, 2006.

Today's sentences resulted from an ongoing investigation of food distributors and suppliers of other goods and services to various not-for-profit entities in the New York metropolitan area. The investigation is being conducted by the Antitrust Division's New York Field Office, with the assistance of the Federal Bureau of Investigation and the IRS. The Archdiocese of New York cooperated with the Department's investigation.

Anyone with information concerning antitrust or fraud crimes in the food distribution industry should contact the Federal Bureau of Investigation at 212-384-2219 or the New York Office of the Antitrust Division at 212-264-0679, and anyone with information concerning tax crimes should call the IRS Criminal Investigation at 1-800-829-0433.

###

06-683